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I. ORGANIZATIONAL MATTERS

1. The Administrator introduced the new Associate Administrator, Mr. Rafeeuddin Ahmed, immediately following the opening of the session on 6 October 1994. A number of representatives extended a warm welcome to him.

2. The Executive Board adopted the following agenda for its third regular session 1994, as contained in document DP/1994/L.5:

Item 1: Organizational matters

Item 2: Agency support costs

Item 3: Country programmes and related matters

Item 4: UNDP financial, budgetary and administrative matters

Item 5: UNFPA financial, budgetary and administrative matters

Item 6: Follow-up to the International Conference on Population and Development

Item 7: Matters relating to the programming cycles

Item 8: Office for Project Services

Item 9: United Nations technical cooperation activities

Item 10: Other matters (including the United Nations Sudano-Sahelian Office)

3. The Executive Board decided to consider the report on the United Nations Sudano-Sahelian Office although it had not been submitted to the Office of Conference and Support Services seven weeks before the start of the session, as prescribed in decision 94/24 of 16 June 1994.

4. The Executive Board decided to postpone consideration of UNFPA audit reports (DP/1994/54) to its first regular session 1995 and to consider the report on United Nations regular and extrabudgetary technical cooperation expenditures (DP/1994/40 and Add.1-2) at its third regular session 1995 since the item had been biennialized in accordance with paragraph 5 (n) of decision 92/2 of 14 February 1992.

5. The Executive Board agreed to the work plan contained in document DP/1994/L.5 with a few amendments introduced orally.

6. The Executive Board agreed to the following schedule of future sessions in New York in 1995, subject to the approval of the Committee on Conferences:

First regular session: Tuesday, 10 January to Friday, 13 January

Second regular session: (Following the third regular session, delegations requested that the dates agreed on for the second regular session (24-27 April 1995) be changed since they overlapped with a session of the Commission for Sustainable Development. The second regular session was therefore tentatively rescheduled to: Tuesday, 4 April to Friday, 7 April.)

Annual session: Monday, 5 June to Friday, 16 June

Third regular session: Monday, 28 August to Friday, 1 September

7. The Executive Board also agreed to the subjects to be discussed at its 1995 sessions as listed in the annex.

II. AGENCY SUPPORT COSTS

8. The Director of the Division for Resource Planning and Coordination introduced the report on agency support costs (DP/1994/23), which outlined the current and projected status of implementation of the arrangements for the fifth cycle. The introduction also highlighted two support cost proposals previously discussed at the annual session 1994, and deferred to the current session for decision. The first proposal related to flexibility in the assignment of underutilized TSS-2 resources to TSS-1; and the second to the establishment of a modest technical support facility for the smaller agencies through the redeployment of a portion of their underutilized earmarkings.

9. The report of the external independent evaluators on the arrangements was also presented (DP/1994/23, Add.1), which the Governing Council had requested under decision 91/32. While the evaluators indicated that there had been insufficient experience to draw firm conclusions about the arrangements, the report contained several noteworthy observations and recommendations on operational and programmatic matters. It was suggested that they could be addressed through existing consultative mechanisms with the agencies and in the task forces set up by UNDP with individual agencies on substantive programmatic collaboration.

10. Most delegations concurred that there had been too little experience with the arrangements thus far but found the interim evaluation useful. Several speakers suggested that a further evaluation might be required in two to three years. Many delegations commented favourably on the effective use made of TSS-1 and the increasing upstream focus of the agencies. However, they stressed the continued importance of TSS-2 services, particularly in support of the Administrator's accountability for nationally executed projects. Several speakers would have preferred a more in-depth analysis by the evaluation team of certain aspects of the facilities, for example difficulties in implementing TSS-2 and operational barriers to national execution and national implementation.

11. Many delegations supported the proposal for flexibility in the assignment of underutilized TSS-2 resources to TSS-1 but cautioned that it should not be taken as a precedent and should apply only to the remainder of the fifth cycle. Recognizing that that was not a lasting solution, a number of speakers called for intensified efforts to increase the use of TSS-2. There was general support for one delegation's comment that recipient governments should be more closely involved in the selection and formulation of TSS-1 activities.

12. One delegation specifically queried the resource transfer from TSS-2 to TSS-1 on his understanding that the current amount of TSS-2 ($56 million), although reduced to 70 per cent of the originally established level, was not in line with the estimated volume of activities under the new arrangements. Following bilateral consultations, the secretariat clarified that TSS-2 resources also ensured accountability for national execution and implementation under the old arrangements and thus could not be related only to approvals under the new arrangements. The secretariat also emphasized that the proposed transfer of TSS-2 resources to the TSS-1 facility would be handled flexibly in order to ensure the availability of sufficient TSS-2 resources at all times. Finally, it was pointed out that the provision of additional TSS-1 resources at that time was considered particularly useful in helping to bridge the hiatus to the next programming period.

13. At the request of a number of delegations, the secretariat provided a brief overview of the current sectoral support arrangements for the smaller agencies. Many delegations supported the creation of a technical support facility for the smaller agencies but agreed with the suggestion, supported in the evaluation report, that it would be simpler to redeploy the funds to enhance the existing sectoral support facility. The secretariat also

clarified for one delegation the application of the indicative planning figure (IPF) sub-line for nationally implemented projects in lieu of add-on provisions under the old arrangements.

14. The representative from the United Nations Industrial Development Organization (UNIDO), speaking on behalf of the large agencies, welcomed the evaluation report and its focus on the broader objectives intended through the establishment of the new arrangements. He indicated that the large agencies had already made efforts to refocus and restructure according to their changing roles within the tripartite partnership. They supported the proposal on TSS-1, pointing out that a larger TSS-1 role for the agencies, especially during preparations for the next programming period, should in turn generate higher utilization of TSS-2 services.

15. The representative from the International Maritime Organization (IMO), speaking on behalf of the smaller agencies, also welcomed the evaluation report and supported the proposals set out in paragraph 89 thereof. He reported that the small agencies had also undertaken a great deal of internal reorganization in an effort to enhance the support they could provide, especially in the regional and subregional contexts.

16. The Executive Board adopted the following decision:

94/26. Agency support costs

The Executive Board

1. Takes note of the report of the Administrator on agency support costs (DP/1994/23) and of the report of the independent evaluation of the support cost arrangements (DP/1994/23/Add.1);

2. Takes note of the status of the financial provisions;

3. Authorizes the Administrator to redeploy resources within the revised support cost earmarkings as indicated below, on the understanding that such transfers will apply only to the fifth programming cycle and that the governments concerned will be fully consulted on the use of these resources:

(a) Transfer of unutilized resources from TSS-2 to TSS-1, within the overall reduced earmarking of $120 million;

(b) Enhancement of the sectoral support facility by an amount of $5 million to finance technical support services to be provided by the smaller technical agencies through redeployment of unutilized resources remaining in line 3, annex I, of decision 91/32.

7 October 1994

III. COUNTRY PROGRAMMES AND RELATED MATTERS

A. First country programme for Cambodia

Programme period: October 1994 - December 1996;
IPF: $89,158,000

17. The first country programme for Cambodia (DP/CP/KHM/1) was introduced by the Assistant Administrator and Director, Regional Bureau for Asia and the Pacific, and by the Minister of Rehabilitation and Development of Cambodia, H.E. Mr. Keat Chhon.

18. Several delegations indicated their strong support for the programme and endorsed its strategies and objectives. It was noted that the programme would

provide appropriate bridging between the UNDP reconstruction phase and the development continuum in Cambodia. The areas identified in the country programme were of the highest priority - to the people and to the Government - in poverty alleviation, particularly in the rural areas, and capacity-building.

19. Some delegations observed that the programme should concentrate on fewer sectors. Moreover, the programme objectives should be structured in such a way as to make the maximum use of core funding resources and be less dependent on large amounts of cost-sharing contributions. One delegation noted that insufficient attention had been paid to gender-in-development issues in the country programme document. Other delegations mentioned the need to monitor closely the unstable security situation.

20. In response, UNDP assured the Executive Board that the matters raised by delegations would be taken into account in the implementation of the programme.

21. The Minister of Rehabilitation and Development of Cambodia expressed the appreciation of his Government for the remarks made by delegations.

22. The Executive Board approved the first country programme for Cambodia as presented.

B. Case-by-case approval of programmes and projects for Aruba, Barbados, British Virgin Islands, Netherlands Antilles, Suriname and Trinidad and Tobago (DP/1994/32)

23. In introducing document DP/1994/32, the Director of the Regional Bureau for Latin America and the Caribbean noted that the fourth cycle country programmes for Aruba, Barbados, the British Virgin Islands, Netherlands Antilles, Suriname and Trinidad and Tobago had been extended to the end of December 1993, and that, with the exception of Trinidad and Tobago, the countries were all net contributor countries in the fifth cycle. The reasons for the extensions were two-fold: (a) the attainment of net contributor country status coincided with the severely restrictive fiscal conditions prevailing in all the countries as a result of structural adjustment and reform programmes; (b) a much heavier burden was now placed on the strategic use of UNDP resources in view of the substantial declines in IPFs arising from the net contributor country status.

24. The Director informed the Executive Board that the new country programmes would be presented to the Executive Board in 1995.

25. The Executive Board granted authorization to the Administrator to provide assistance on a case-by-case basis, pending submission of country programmes, to Aruba, Barbados, the British Virgin Islands, Netherlands Antilles, Suriname and Trinidad and Tobago.

C. Field visits

Gaza and the West Bank, and Jordan

26. Ambassador Eduard Kudryavtsev (Russian Federation), the team leader, introduced the report of the field visit to Gaza and the West Bank, and Jordan (DP/1994/CRP.3). He expressed the team's appreciation to the UNDP and UNFPA staff at headquarters and in the field who had assisted with the organizational arrangements for the field visits. He noted that although the report had been prepared at the end of the field visit, in May, five months had passed before the Board was able to consider it. Such delays should be avoided in the future to ensure that the findings remained current.

27. He drew attention to the fact that since there had been no Palestinian authority until recently in the area, the team had experienced difficulty in determining whether UNDP and UNFPA activities responded to national priorities. Moreover, in the absence of representatives of specialized agencies in the area, the Office of the Special Representative of UNDP had acted almost alone, drawing on the collaboration of some local non-governmental organizations (NGOs) in formulating the programmes and in identifying projects. In doing so, the Office had demonstrated a high level of professionalism, dedication and competence, and had endeavoured to obtain appropriate technical advice. He went on to say that with the appointment of the Palestinian Authority, and the establishment of the Palestinian Economic Council for Development and Reconstruction (PECDAR), more balanced and focused programming should be expected in the foreseeable future.

28. Turning to the Jordan part of the report, Ambassador Kudryavtsev spoke of the successful use of the programme approach, which focused on four areas in the current country programme: human resource development; macro-economic management; natural resource management; and support to productive sectors.

29. He pointed out that optimum use of local expertise and other resources was being made in implementing both UNDP-and UNFPA-supported projects in the country. The team had noted the catalytic role that both UNDP and UNFPA were playing in attracting bilateral and other multilateral assistance to the country.

Philippines and Viet Nam

30. In introducing the report on the field visits to the Philippines and Viet Nam, the rapporteur of the team, Mr. Olivier Chave (Switzerland), thanked the UNDP and UNFPA officials involved in the arrangements for their assistance, both at headquarters and in the countries. He said that the visits had provided overall views and general conceptions but had not allowed in-depth analyses. As directed by the terms of reference, the team had concentrated on a number of selected issues and had not been able to do full justice to the efforts of UNDP and UNFPA in the countries.

31. He said that the Philippines and Viet Nam were at very different stages of development and that the team had been impressed with what they had seen in both countries. UNDP and UNFPA were doing their best to build upon and maximize their comparative advantages.

32. The role of UNDP in overall expertise and understanding of the countries was commendable.

33. In the Philippines, aid coordination was very important, and the central role played by the National Economic and Development Agency (NEDA) was very well backstopped by UNDP. Aid coordination, however, remained a long-haul proposition. The team was sensitive to understaffing in the UNDP and UNFPA offices, especially at a time when programme implementation and capacity and institution-building needed strengthening. The team was also impressed by the level of national execution and decentralization.

34. There was a large reservoir of educated personnel and numerous NGOs in the Philippines. Especially worthy of note was the search for innovative methods and mechanisms, including working through local government units and NGOs. He made special mention of the UNFPA success in building on the population policy of the new Government.

35. Concerning Viet Nam, he said UNDP was concentrating activities on three areas: institutional reform, environment and natural resources and social adjustment. UNDP was playing a key role in aid coordination through the State Planning Committee, whose capacity the Programme aimed to strengthen. A country strategy note for Viet Nam was being prepared. The relatively low

level of national execution was due to low national capacity. He said UNFPA was very active in Viet Nam, which had the third largest UNFPA programme. The team was impressed by the central leadership role of UNFPA in population activities in Viet Nam as well as by the Fund's capacity to help the country to mobilize additional financial resources.

Kenya and Zimbabwe

36. The report on the field visit to Kenya and Zimbabwe (DP/1994/CRP.9) was introduced by Ambassador Slavi Zh. Pashovski, (Bulgaria), who served as team leader. He observed that in both countries, which were undertaking programmes of structural adjustment, government officials had indicated that the scarcity of resources had posed greater problems than any conditionalities attached to external assistance. He noted especially the relevance and effectiveness of UNDP support to the private sector, which, although small in scale, was nevertheless proving to be instrumental in the transformation process. He referred to the successful role of UNDP in coordinating United Nations system support to the development efforts in both Kenya and Zimbabwe.

37. He also drew attention to the growing regional dimension in the workings of the UNDP Office in Nairobi, which appeared to be straining the capacity of its staff. A similar situation was also beginning to develop in the UNDP Office in Harare.

38. One of the comments stemming from the discussion of the report concerned the somewhat limited use of the TSS facilities in Zimbabwe, which, the Secretariat explained, would be improved through such measures as speedier disposal of requests currently awaiting headquarters clearance.

General issues relating to the field visits.

39. In the discussion, delegations raised some organizational issues, namely, the raison d'être of the field visits; the structure and composition of the teams; limitations on the number of times an individual could participate in the field visits; and the need for strengthening the donor participation in the visits and the streamlining of some preparatory arrangements, including the provision of detailed pre-mission information on local realities. It was agreed that those issues would be taken up in the informal consultations with the view to further refining the terms of reference for future field visits.

40. The Director of the Bureau for Resources and External Affairs (BREA) recalled that the terms of reference, number of participants and reporting requirements of the field visits were entirely in the hands of the Executive Board. He added that he would favour a revision of the terms of reference. Speaking about plans for future field visits, he proposed that six visits take place in 1995 and that each visit be limited to one country for a duration of 10 days with the exception of the first visit of 1995 which could still proceed under the present arrangements of 2 countries for 2 weeks with a team of up to ten members. He further suggested that the team be composed of no more than five to six members - one or two from developed countries and four from developing countries. In accordance with the current practice, the countries to be visited, and the timing of the visits, would be proposed to the Bureau of the Executive Board for approval.

Decision of the Executive Board

41. The Executive Board took note of the three reports of field visits to: Gaza and the West Bank, and Jordan; Philippines and Viet Nam; and Kenya and Zimbabwe and of the comments made thereon. The Board decided to discuss further the terms of reference of the field visits in informal consultations.

IV. UNDP FINANCIAL, BUDGETARY AND ADMINISTRATIVE MATTERS

A. Annual review of the financial situation, 1993 (DP/1994/34 and Corr. 1 and Add.1-4)

42. The Assistant Administrator and Director, Bureau for Finance and Administration (BFA), introduced the item. He emphasized that UNDP had been able to maintain total programme expenditures at the same level as 1992 despite a reduced income of voluntary contributions. That had been possible thanks to the ongoing growth in cost-sharing. He referred to an expenditure plan for the Reserve for Field Accommodation that was being prepared for submission to the Executive Board in 1995. He also emphasized the commitment of UNDP to close down inactive trust funds. The Assistant Administrator also introduced the proposed changes to the UNDP Financial Regulations and Rules.

43. In response to concerns expressed by some delegations with regard to the use of the operational reserve to cover uneven cash flows, the Assistant Administrator explained that the particular situation in question had resulted from a combination of factors, in particular from a delay in receipt of contributions while the expenditure pattern remained steady. However, he also added that the use of the operational reserve had occurred for a short-term period only and had not caused any significant loss of income derived from interest earned on the reserve.

44. Several delegations expressed their concern regarding the overcommitments and overexpenditures above the authorized levels in the Reserve for Field Accommodation. The Assistant Administrator indicated that the Reserve was initially created for housing purposes. However, since 1989, it had increasingly been used to finance construction of common premises for the Joint Consultative Group on Policy (JCGP) and other partners. Those overexpenditures had resulted mainly from delays in receiving funds from partner agencies while construction was going on, unforseen cost overruns, and lower-than-anticipated rental income. The Assistant Administrator indicated that UNDP had been in close consultation with the Board of Auditors in devising corrective action. In response to the Board's recommendations, he noted UNDP was preparing a three-to-five year expenditure plan, including, inter alia, the disposal of housing assets.

45. Concerns regarding trust funds were addressed by the commitment of UNDP to continue its efforts to close down inactive trust funds, in accordance with the recommendations of the Advisory Committee on Administrative and Budgetary Questions (ACABQ) in its report (DP/1994/36). The Assistant Administrator indicated that the proposed revisions of the Financial Regulations would also help in reducing the number of trust funds, in particular by collaborating with NGOs on a cost-sharing basis.

46. A number of delegations commented on the proposed revisions to the UNDP Financial Regulations and Rules. The Assistant Administrator indicated that the revisions reflected the need to rationalize the handling of funds, the recommendations of the Board of Auditors, changes in nomenclature, past Governing Council and Executive Board decisions, and to accommodate the new status of the Office for Project Services (OPS) as a separate and identifiable entity. Some delegations had questions concerning the rationale for maintaining the reference to UNDP itself being an executing agency at the time when OPS was about to be given status as a separate entity. In addressing that point, the Assistant Administrator provided his assurances that there was absolutely no intention on the part of UNDP to create a new operational executing arm to replace OPS. Rather, it was proposed that the provision be maintained in order not to affect the Administrator's full responsibility and accountability to the Board for all aspects of the implementation of the UNDP programme. That would be in line with the Administrator's obligation to ensure maximum effectiveness of programme assistance by the appropriate use of suitable service obtained from governmental and non-governmental institutions

and firms. He further stated that UNDP would be pleased to report on expenditure related to execution on its own behalf in the framework of the financial reports.

47. One delegation said that more time was required to study carefully the documentation on the proposed amendments. Another delegation indicated that it could agree to the proposed amendments only upon receipt of the advice of its own Government's Board of Auditors, and therefore more time was needed.

48. The Executive Board adopted the following decision:

94/28. Annual review of the financial situation, 1993

The Executive Board

1. Takes note with concern of the decreased level of contributions to the United Nations Development Programme, which has led to a significant reduction in the level of indicative planning figures;

2. Invites Governments to consider increasing their voluntary contributions to the United Nations Development Programme on a more predictable, continuous and assured basis;

3. Requests Governments to pay their voluntary contributions to the United Nations Development Programme as early in the year as possible or in regular instalments over the year;

4. Notes with satisfaction the substantial increase in the use of national execution in the delivery of the Programme;

5. Notes with concern the overcommitment and overexpenditure in the Reserve for Field Accommodation and requests that a three-year plan on the utilization of the Reserve be presented to the Board at its first regular session 1995;

6. Approves the changes to the Financial Regulations set out in document DP/1994/34/Add.4, which will take effect 1 January 1995 unless any Member of the Executive Board lodges an objection in writing with the Administrator before that date;

7. Takes note of the changes to the Financial Rules set out in document DP/1994/34/Add.4;

8. Requests the United Nations Development Programme to intensify its efforts to close down inactive trust funds;

9. Also requests that it be kept informed in the relevant financial reports on an annual basis of the number and value of projects and programmes which the United Nations Development Programme executes on its own behalf and which the United Nations Office for Project Services executes on behalf of the members of the United Nations system.

10 October 1994

B. Revised budget estimates for the biennium 1994-1995 (DP/1994/35 and Corr.1)

49. In introducing the item, the Assistant Administrator and Director, BFA, stated that UNDP continued to keep strict control of its administrative budget, thereby keeping as many resources as possible for programme purposes. With respect to the revised budget estimates for the biennium 1994-1995, a

further reduction of 2.6 per cent had been achieved through a combination of currency release and inflation adjustment. The Assistant Administrator reported on the success of the regional service centre pilot scheme in Asia, the field presence in the Baltic States and the Commonwealth of Independent States and on the pilot of the new contractual instrument "Appointment for Activities of Limited Duration (ALD)".

50. Many delegations expressed their appreciation for the clear and comprehensive document. One delegation proposed that UNDP work with other United Nations programmes and funds to harmonize the presentation of budgets and accounts with a view to obtaining greater comparability and transparency. UNICEF decision 1994/R.3/6 of 5 October 1994 was recalled, suggesting that a similar decision be adopted for UNDP. Following the endorsement by many delegations of that proposal, the Assistant Administrator welcomed an initiative to harmonize budget and accounts presentation. He indicated that UNDP had already achieved a considerable level of transparency in its budget and accounts presentation, which had been recognized by several delegations in previous Governing Council sessions. He also noted that the practicalities of specific mandates, focus and operational approaches of each United Nations entity would need to be taken into consideration.

51. Referring to the reduction of IPFs by another 5 per cent, one delegation asked why the core administrative budget had not been similarly reduced. The Assistant Administrator pointed out that the tight resource situation that had led to the reduction in programme funds in the fifth cycle had been taken into account, resulting in the implementation of two successive budget strategies: a $14 million reduction in the 1992-1993 biennial budget; and a $41 million reduction in the 1994-1995 biennial budget. Furthermore, he drew attention to the fact that the revised estimates under review did include a further reduction of 2.6 per cent.

52. Some delegations, noting the savings as a result of the devaluation of the CFA franc, requested UNDP to consider increasing the IPFs of the respective countries. In his response, the Assistant Administrator stated that there was no direct link between the administrative expenditure in a country and the IPF. Such savings, however, benefited UNDP general resources directly and thus, indirectly, the resources available for programming. He further noted that IPFs were set in United States dollars and therefore were not affected by currency fluctuations. As a result, the devaluation directly benefited the countries concerned in that the dollar equivalent of programme/project expenditure made in local currency (CFA franc) would be less, thus releasing funds for additional programming.

53. With respect to the regional service centre pilot scheme, delegations commended UNDP on the success of the pilot scheme and endorsed the expansion of the concept to Africa. One delegation inquired about the possibility of expanding the functions of regional service centres beyond audit and account examination, such as training of national officials with regard to national execution. The Assistant Administrator indicated that other functions that might be carried out in a more cost-effective manner by the regional service centre were under consideration. In response to questions by some delegations on the comments of ACABQ on the subject, he provided the clarifications requested.

54. Several delegations expressed appreciation for the fact that UNDP was establishing its field presence in South Africa, utilizing existing resources during the 1994-1995 biennium. One delegation noted that specific proposals with respect to the item would be provided in conjunction with the 1996-1997 biennial budget presentation.

55. Regarding the UNDP field presence in the Baltic States and the Commonwealth of Independent States, some delegations, while appreciating UNDP activities in the region, requested that the Administrator review the level of support at UNDP headquarters and the field with respect to those operations.

56. The Executive Board adopted the following decisions:

94/29. Revised budget estimates for the biennium 1994-95

The Executive Board

1. Approves, with respect to the revised budget estimates for the 1994-1995 biennium of the United Nations Development Programme and the funds administered by the United Nations Development Programme (DP/1994/35), a revised appropriation in the amount of $607,882,000 gross, to be allocated from the resources indicated in table B, to finance the revised 1994-1995 biennial budget and resolves that the income estimates in the amount of $36,700,000 shall be used to offset the gross appropriation, resulting in a net appropriation of $571,182,000;

2. Takes note of the Administrator's reports on (a) the regional service centre concept; (b) the United Nations Development Programme field presence in the Baltic States and the Commonwealth of Independent States; (c) the piloting of short-term, non-permanent contracts; and (d) United Nations Development Programme initiatives with regard to a field presence in South Africa;

3. Takes further note of the accounting treatment of the transitional costs relating to the implementation of the 1994-1995 budget strategy, as approved by the Governing Council in its decision 93/35 of 18 June 1993;

4. Recalls its decision 94/32 regarding the Office of Project Services, in particular, in this context, to those elements that relate to the OPS budget estimates and future arrangements concerning the presentation thereof.

10 October 1994

United Nations Development Programme revised budget estimates for the biennium 1994-1995 for administrative services, programme support and development activities and trust funds
(thousands of United States dollars)

	APPROVES:	TAKES NOTE OF:	
	Gross/net appropriations	Estimated extra-budgetary income	Total gross/net estimates
I. RESOURCES OF UNDP			
A. UNDP core activities a/			
Headquarters b/	148 903.3	24 705.4	173 608.7
Country Offices	231 098.6	37 488.6	268 587.2
Gross UNDP core activities	380 001.9	62 194.0	442 195.9
Estimated income	36 700.0	0.0	36 700.0
Net UNDP core activities	343 301.9	62 194.0	405 495.9
B. Programme support and development activities			
Programme development activities	25 914.7	0.0	25 914.7
Support to the operational activities of the United Nations	93 478.1	0.0	93 478.1
Project/programme implementation services			
DSS	6 225.0	0.0	6 225.0
OPS c/	31 126.2	37 100.0	68 226.2
IAPSO	5 925.9	2 865.8	8 791.7
UNV	31 241.0	406.2	31 647.2
National execution	3 140.0	0.0	3 140.0
Total project/programme implementation services	77 658.1	40 372.0	118 030.1
Programme support d/	2 300.0	0.0	2 300.0
Total programme support and development activities	199 350.9	40 372.0	239 722.9
C. Total resources of UNDP			
Gross resources	579 352.8	102 566.0	681 918.8
Estimated income	36 700.0	0.0	36 700.0
Net resources	542 652.8	102 566.0	645 218.8
II. RESOURCES OF TRUST FUNDS			
A. UNCDF	11 778.9	0.0	11 778.9
B. UNRFNRE and UNFSTD	2 357.0	313.8	2 670.8
C. UNSO	7 779.0	3 586.6	11 365.6
D. UNIFEM	6 614.3	466.1	7 080.4
Total	28 529.2	4 366.5	32 895.7
III. TOTAL UNDP APPROPRIATION			
Gross appropriation	607 882.0	106 932.5	714 814.5
Estimated income	36 700.0	0.0	36 700.0
Net UNDP appropriation	571 182.0	106 932.5	678 114.5

a/ The Administrator is permitted to redeploy between the country office and headquarters appropriation lines up to a maximum of 5 per cent.
b/ Headquarters extrabudgetary income represents income from external sources, exclusive of reimbursements to UNDP core from non-core units. The reimbursements are already included in the appropriation estimates of the non-core units.
c/ The approved appropriation is funded from UNDP general resources.
d/ Represents UNDP contribution to CGIAR and UNDP-UNSO/UNEP joint venture.

Source: Table B from document DP/1994/35 attached for ease of reference.

94/30. Harmonization of presentation of budgets and accounts

The Executive Board

Requests the Administrator of the United Nations Development Programme and the Executive Director of the United Nations Population Fund, in the context of General Assembly decision 47/449 of 22 December 1992, General Assembly resolution 48/216, part C, of 23 December 1993 and the observations made at the current session with regard to the format of budget and account presentations, to cooperate with other United Nations programmes and funds to work towards harmonizing their presentation of budgets and accounts with a view to achieving common definitions, particularly of administrative costs, and obtaining a higher degree of financial transparency and comparability, and to report thereon to the Executive Board at its third regular session in 1995.

10 October 1994

C. Audit reports (DP/1994/37 and Add.1)

57. The Assistant Administrator invited the Board to consider whether it wished to continue receiving the reports by external auditors of executing agencies as formal documents. In that regard, one delegation indicated that UNDP should report only on problem areas while another considered that it found the reports useful and would like to continue to receive them.

58. The Executive Board took note of the audit reports (DP/1994/37 and Add.1)

D. Status of management service agreements (DP/1994/56)

59. The Assistant Administrator indicated that the use of management service agreements (MSAs) had continued to grow. He further added that MSAs assisted recipient governments in making best use of donor resources for development efforts.

60. In response to one delegation's question on the concentration of MSAs in Latin America, UNDP explained that, given the small IPFs in the region, the MSA was a modality to increase resources through co-financing by international financial institutions, governments and UNDP. At the request of one delegation, UNDP would ensure that formats of existing reports on cost-sharing and MSAs would allow review by region.

61. The Executive Board took note of the report of the Administrator on the status of management service agreements (DP/1994/56).

V. UNFPA FINANCIAL, BUDGETARY AND ADMINISTRATIVE MATTERS

62. For consideration of agenda item 5, the Executive Board had before it the annual financial review, 1993 (DP/1994/53). Complementary information on the delineation of administrative and programme support expenditures was also made available to the Board.

63. The Executive Director referred to the financial highlights of UNFPA for 1993. She commented that UNFPA total income in 1993 was $219.6 million, or 7.8 per cent less than that of 1992, largely the result of severe economic difficulties in a few donor countries that had resulted in lower-than-expected contributions. She reported that the resource situation for 1994 had improved, with estimated contributions amounting to $247 million, or 12.5 per cent more than in 1993.

64. She stated that total expenditures in 1993 were $203.5 million (compared to $193.5 million in 1992) or $16 million less than total income; programme expenditures in 1993 had also increased to $158.4 million (from $151 million in 1992). However, programme expenditures had fallen short of the 1993 target, resulting in $47.3 million of unspent resources at year-end. The Executive Director attributed the underexpenditure to the uncertainty surrounding the Fund's financial situation, in particular the possibly reduced funding levels from Governments experiencing economic difficulties, which had resulted in conservative resource planning and programme development; the suspension of activities supported by UNFPA in a number of countries because of civil and political unrest; unduly complicated programming procedures and policies that were too restrictive and not responsive to changing circumstances at the country level.

65. The Executive Director identified measures that the Fund had taken to help improve matters, including removing cumbersome programming procedures; planning at more realistic resource levels; taking steps to help ensure that project expenditure data from the field were processed more expeditiously, thereby allowing UNFPA to make important programming decisions more quickly; introducing new measures by which UNFPA field offices could more accurately project the year-end total expenditures, thus assisting senior management in making global projections on UNFPA programme dynamics; increasing efforts in institution-building and adjusting operational policies to the realities at the country level; and placing greater emphasis on such execution modalities as NGO channels.

66. Regarding UNFPA administrative and programme support services (APSS) budget, the Executive Director mentioned that in 1993, the Fund's net expenses for APSS-related matters amounted to $45.1 million, thus realizing gross savings of $10.4 million in addition to the $7 million previously reported to ACABQ and the Governing Council. She pointed out that the Fund's APSS budget contained both administrative support and programme support, including costs directly linked to the planning, development, implementation and evaluation of country and intercountry programmes. She also referred to the schedules made available to the Executive Board that showed that administrative expenditure in the 1992-1993 biennium amounted to only 30 per cent of the overall APSS expenditures.

Summary of the discussion

67. Many delegations thanked the Executive Director for her clear, concise and comprehensive statement and the useful information contained in the annual financial review document. Several delegations expressed appreciation for the comprehensiveness and transparency of the presentation of material in the document, and one suggested that, in future years, the annual financial review should contain projections of income and expenditures.

68. Several delegations referred to the APSS budget and commented on its size relative to the programme expenditure level of the Fund (table 2 of document DP/1994/53). One stated that, in historical terms, the ratio had increased over the past 10 years, from 12.7 per cent in 1983 to 22.2 per cent in 1993 (table 13 (b). He welcomed the savings realized in the current biennium and asked what steps could be taken to reduce the budget further, in particular as regarded the headquarters portion. Another welcomed the Fund's emphasis on office automation and asked if UNFPA had realized savings as a result.

69. Some delegations noted the lack of comparability of financial data between United Nations agencies and organizations, and mentioned that the UNICEF Executive Board had adopted decision 94/R.3/6 calling on UNICEF to harmonize its accounting treatment, format and financial definitions with those of other United Nations agencies. One delegation thus proposed that a similar decision be adopted for both UNDP and UNFPA.

70. Several delegations expressed concern over the level of underexpenditure in 1993 and requested information pertaining to the projected programme expenditure level for 1994. One delegation commented on the relative ease with which procurement services might be used to increase delivery.

71. Some delegations noted that the data appeared to indicate that government execution was decreasing as a proportion of total expenditures rather than increasing, as they would have hoped. They further observed that UNFPA execution had increased correspondingly. One delegation noted the high level of unspent advances to governments and NGOs and sought clarification on the matter.

72. Several delegations focused on related programming matters. One delegation asked if different programme areas had a different effect on expenditure rates, enquiring in particular whether it was easier to spend money on procurement activities than on more comprehensive programme activities. Another delegation sought clarification as to why expenditures in the Africa region had declined since 1991, even though the needs in that region continued to rise. A third delegation emphasized the importance of the country strategy note and close government-UNFPA collaboration in programme development and implementation, and stressed the need to improve monitoring of programme implementation.

Response of the Administration

73. The Executive Director welcomed the efforts of the Executive Board to harmonize financial definitions among United Nations agencies and organizations, noting that she was confident that UNFPA administrative costs would compare favourably with those of the other agencies. The Administration also pointed out that the ratio of APSS to total expenditure would have been lower (17 per cent) had UNFPA managed to deliver the programme it had initially planned. Furthermore, the budget presentation for the previous year had shown that the increase in office automation at UNFPA had had a positive impact on the efficiency and effectiveness of UNFPA staff, which had been able to carry out a much larger workload than otherwise would have been the case. Procurement activities, in particular, had experienced a dramatic increase in workload in the last few years without a commensurate increase in staff. Partly as a result of office automation, UNFPA had not had to request additional staff in its budget proposal despite a significant increase in anticipated programme activity. The Administration mentioned that the APSS budget for 1994 was expected to total net $50 million.

74. In response to comments concerning the historical trend in APSS costs, the Administration noted that the trend indicated in table 13 (b) was not what it appeared on the surface since the figures given for each year did not necessarily include the same components and thus were not strictly comparable

over the 10-year period. For example, as noted in footnote (d) to the table, in 1985 and prior years, all field office costs were included in programme expenditures. In 1986 and 1987, the salary costs of UNFPA international field office staff were included in the APSS budget for the first time, and all other costs of the UNFPA field offices were reported under programme expenditures. Beginning only in January 1988 were all field office costs included in the APSS budget.

75. Responding to questions regarding the 1993 underexpenditure, the Executive Director acknowledged that it was also a serious concern of UNFPA. She referred to the low staffing situation in UNFPA field offices as a contributory factor and explained that UNFPA was reluctant to request an increase in staff owing to the adverse effect it would have on the APSS budget. She also noted, however, that the Fund's reporting procedures had not been as efficient and timely as perhaps they should be, as most expenditure figures were currently reported in the second part of the year under consideration and final figures were not available until March or April of the following year. UNFPA was therefore investigating ways to get more timely information on expenditure data, including the use of more effective management information systems.

76. The Administration further mentioned that uncertainty over funding together with fluctuations in income throughout the year, had had a negative effect on UNFPA's ability to plan its programme properly. The Fund therefore had recently introduced a new financial monitoring mechanism designed to help with the management of project and programme delivery by requiring its Country Directors to report to headquarters every two months on their forecasts for year-end expenditures. Such information would enable UNFPA to shift funds from one country programme to another, provided the amounts involved did not exceed that which had been approved by the Governing Council or Executive Board. The Administration emphasized, however, that unless and until the resource situation was consistent and predictable, it would continue to be extremely difficult to ensure the smooth and timely implementation of the UNFPA programme.

77. The Executive Director emphasized that it was quite easy to spend money. The Fund's aim, however, was to spend it effectively and efficiently and in a way that ensured that the quality of its projects and programmes was maintained. She was pleased in that regard that UNFPA would be able to channel country programme funds to emergency relief operations such as those under way in Rwanda. She noted that discussions were being conducted with Médecins sans frontières, the International Red Cross and other NGOs on the best way to pursue UNFPA's goals in the area.

78. Concerning the question of unspent advances to Governments, the Administration pointed out that, as a result of an accounting problem, approximately $4 million of government-executed expenditures had been reported as unspent in 1993, thus increasing the size of the underexpenditure as well as the level of cash advances on hand with recipient Governments. UNFPA assured the Board that such an accounting problem would not occur in future, and noted that the Fund had taken steps to improve the management of advances to Governments and NGOs more generally in order to keep the level of advances to a minimum.

79. The Administration pointed out that if UNFPA used a definition of government execution similar to that used by UNDP (i.e., national execution), government-executed projects, taken together with UNFPA support to such projects, would total 38 per cent ($50.6 million) of all programme expenditures in 1993 (the corresponding figures for 1991 and 1992 were 26 per cent ($44.3 million) and 38 per cent ($49.3 million), respectively), and would not show a declining trend as one delegation had indicated.

80. In response to the question whether it was easier to spend money on procurement activities than on more comprehensive programme activities, the

Administration pointed out that increased procurement activity could improve programme delivery rates. It further explained, however, that procurement activities involved far more than the purchase of commodities. Indeed, the Fund had to ensure that the commodities purchased could be adequately distributed and effectively utilized. That was all the more difficult in the case of UNFPA procurement since the Fund usually worked through the Ministries of Health, which typically were understaffed and underfunded. The Fund therefore had to spend a great deal of staff time and money to help strengthen relevant government institutional structures.

81. In that context, the more general issue of understaffing in UNFPA field offices and how it related to programme implementation was raised. UNFPA field offices had to perform more or less the same functions as their UNDP and UNICEF counterparts yet they usually had much smaller staffs. This was compounded by the extremely demanding advocacy function they had to perform in addition to their functions related to programme formulation, implementation, coordination and monitoring. The Administration emphasized, therefore, that increased programme implementation implied an expanded UNFPA field presence.

82. In response to questions concerning the level of national execution as it related to programming as opposed to budget considerations, the Administration explained that since the establishment of UNFPA Country Support Teams (CSTs) in 1991 and 1992, project costs consisted primarily of four components: technical cooperation, which was provided by the CSTs; equipment and supplies; local costs (training, salaries, etc.) and training abroad. UNFPA procured equipment and supplies for countries at their request since it had the advantage of economies of scale in such procurement. Although the procurement was recorded as "UNFPA execution", the projects themselves were usually executed by the Government. In addition, UNFPA had recently adopted a more flexible approach concerning local costs and thus would be providing more funding for such costs in the future.

83. Concerning the issue of declining expenditures in Africa, the Administration noted that many countries in the region had experienced political unrest that had affected the implementation of their programmes. That raised the larger issue of resource use in countries experiencing political difficulties or those with low absorptive capacity. UNFPA was committed to providing assistance to the countries in the Africa region, in particular to the least developed countries there. But in many cases that would require building up national capacity, particularly of the Ministries of Health and of Education, to implement the programmes, which would further require long-term funding commitments, especially with respect to supporting operational costs on a sustained basis. In those cases where capacity-building was progressing at a slow pace, or in countries experiencing political unrest, the Fund might have to redirect resources earmarked for those countries to countries with higher absorptive capacities.

84. In response to the observation concerning close government-UNFPA collaboration, the Administration noted that it strongly supported the country strategy note approach and agreed that the note provided the most effective mechanism for developing, implementing, coordinating and monitoring programmes. Still, the Fund had taken steps to improve programme implementation and monitoring, intensifying training in financial management and in programme monitoring, and strengthening the capacity of its management information systems in the field. It had also been working closely with its partners in the JCGP to develop a common monitoring system, but that took time.

Executive board action

85. The Executive Board took note of the annual financial review, 1993, as contained in document DP/1994/53. (See also decision 94/30 on the harmonization of presentation of budgets and accounts, adopted under agenda item 4, which applies to both UNDP and UNFPA.)

VI. UNFPA: FOLLOW UP TO THE INTERNATIONAL CONFERENCE ON POPULATION AND DEVELOPMENT

86. In her oral presentation of agenda item 6, the Executive Director noted that the reactions to the outcome and achievements of the International Conference on Population and Development (ICPD) had been extremely positive. It was now necessary to ensure that the optimism that had emerged from the ICPD process and that had been reflected in the Programme of Action was turned into tangible benefits for people everywhere. An unprecedented range of groups and individuals had participated in the extensive preparatory process of the ICPD. That had been a key factor in the success of the ICPD and would have far-reaching consequences for the implementation of the Programme of Action.

87. The Executive Director noted that UNFPA had already initiated the process of implementing the Programme of Action. The Fund had written to all of its field offices to start immediately, together with national authorities, NGOs and United Nations partner organizations, to disseminate and publicize the outcomes of the ICPD, as called for in the Programme of Action. She had also asked UNFPA field offices to re-convene the national committees that had participated in ICPD process. UNFPA field offices reported that countries had started to develop implementation plans. She suggested that such plans should address various issues, including the review and revision of policies, the reallocation of resources and the definition of programme content and plans.

88. The Fund was also in the process of reviewing its policy guidelines and programmes in order to ensure that UNFPA policies and practices fully reflected and promoted the Programme of Action. That was particularly true in the area of family planning, where the Fund was preparing interim guidelines to accommodate the Programme's broader definition of reproductive health. A similar process was under way in the area of information, education and communication, in particular regarding the role of such activities in support of reproductive health, gender concerns and education of girls.

89. The Executive Director stressed that the non-governmental sector had had a profound impact on the ICPD process. NGOs had brought with them their experience and their commitment and had taken away with them a new role as full partners in the cause of population and development. In recognition of the important role NGOs were playing in many developing countries, UNFPA would be looking at practical ways of further expanding the involvement of NGOs in UNFPA-financed activities. She therefore proposed that a block allocation mechanism be instituted within UNFPA to fund innovative NGO activities directly in order to promote their participation.

90. The Executive Director said that she hoped it would be possible for the General Assembly at its current session to take some decisions on follow-up to and implementation of the Programme of Action, including the question of a separate Executive Board for UNFPA. In closing, she invited members of the Board to provide guidance to UNFPA on the directions UNFPA should take as it formulated its ICPD implementation plans, and noted that UNFPA would possibly submit a draft paper on the issue to the Executive Board at its first regular session 1995. UNFPA anticipated that the Board would require several sessions to discuss and reflect on a number of substantive issues involved in the process.

91. Several delegations took the opportunity of the Executive Director's oral report to thank her and the UNFPA staff for helping to make the ICPD an outstanding success. They welcomed the immediate and positive steps the Fund had taken in line with the Programme of Action. One delegation noted, however, that the success of the Programme of Action depended on the international community's ability to implement it. It also required the sustained efforts of Governments and NGOs. The same delegation emphasized the importance of enhanced coordination among United Nations agencies and organizations.

92. Several delegations welcomed the enhanced emphasis on NGOs and the vital role those organizations played in meeting the needs of people. One delegation asked, however, how UNFPA planned to involve NGOs and to make use of the commercial and private sectors. He further noted the need for a substantial increase in resources from all sources but stressed that UNFPA had to demonstrate that it could make effective use of such resources. He said a mechanism was needed to monitor UNFPA actions in this area.

93. A number of delegations identified areas requiring attention, including, inter alia, promoting the small family norm; improving family planning and reproductive health services; reducing maternal and infant mortality; ensuring gender equality; promoting the rights of adolescents and children; promoting collaboration among partners at all levels; emphasizing national-level action in programme implementation and providing requisite technical support to strengthen national capacity to do so; and strengthening linkages between national and international actions.

94. In response to comments and questions, the Executive Director noted that in February 1995 the Administrative Committee on Coordination (ACC) would discuss interagency coordination with regard to the ICPD Programme of Action. She said that an ACC interagency task force could possibly be re-instituted to help monitor the follow up on the Programme of Action. Moreover, the 1995 high-level segment of the ECOSOC on operational activities would be devoted to the ICPD and the Programme of Action, and the Development Assistance Committee (DAC) would meet on 29-30 November 1994 to discuss resource mobilization in the wake of the ICPD. She noted that UNFPA had been active in promoting South-South cooperation, notably in Bangladesh, Indonesia, Mexico, Thailand and Tunisia, and that many countries were interested in that type of collaboration. She further emphasized that meeting the needs of people had been shown to be the most effective way of achieving national demographic goals.

VII. MATTERS RELATING TO THE PROGRAMMING CYCLES

A. Possible options for a structure for the next programming period

95. The Director of the Bureau for Resources and External Affairs introduced the report (DP/1994/59), noting that at the current session the secretariat needed the guidance of the Executive Board on the broad range of possible options presented in the report in order to advance preparations for the establishment of the next programming period, scheduled to take place in June 1995. The item would also be reviewed at all the intervening sessions of the Board in order to achieve steady progress in arriving at consensus on the framework. He suggested that, based on the present discussions, the secretariat would summarize the aspects the Board would like to have covered for review at the first regular session 1995.

96. The report of the Administrator on his endeavour to find resources to enable restoration of indicative planning figures to the original levels (DP/1994/1) was also introduced.

97. More than 30 delegations commented on document DP/1994/59. They expressed their appreciation to the secretariat for a clear and thought-provoking report, which presented options that reflected the full range of discussions that had taken place in June 1994. One delegation pointed out that the report had not elaborated on the operational application of the sustainable human development goals and focus areas endorsed by Executive Board decision 94/14. A number of delegations reiterated that in that context national priorities should remain the underlying basis for all programming.

98. The discussion overwhelmingly confirmed that voluntary contributions to the core should remain the bedrock of UNDP programming. There was also considerable interest in ensuring that legislation for the next programming period explicitly take account of both core and non-core funding. Many speakers requested clarification of how the resource mobilization target (RMT) and target for resource assignments from core (TRAC) concepts would relate to national planning and country programming processes. A number of delegations were concerned about national planning and UNDP programming difficulties that could arise if targets were not established on a realistic basis.

99. A number of delegations supported the concept of a three-year rolling cycle for resource planning and management and several requested further clarification on how that might be meshed with longer-term national planning and country programming processes. In that connection, several delegations noted the need to take into account General Assembly resolution 48/162 of 20 December 1993 as it pertained to the harmonization of programming cycles among the funds and programmes. Several delegations requested an assessment of the possible impact of such a system on UNDP working modalities, noting that rolling cycles might involve additional workload for the secretariat and recipient countries. Several delegations were interested in an elaboration of the proposal on flexible assignment of country resources within a fixed regional allocation although others expressed caution about such an approach.

100. A few delegations requested an elaboration of the proposal regarding a limited system of assessed contributions to finance the costs of the UNDP country office network and the resident coordinator functions. Several delegations indicated they did not favour such a proposal. Some delegations stated that such a move should in any case be considered in the context of the ongoing discussions on financing mechanisms in the General Assembly.

101. Various delegations supported increases in the allocations for Special Programme Resources (SPR) as well as for global, interregional and regional programmes. Several speakers noted the need for programmes in the latter category to be made more complementary with country-level activities and one delegation noted the particular relevance of subregional programmes. Although some speakers felt it was premature to determine the magnitude of the allocations for the various programmes, the Executive Board agreed it would be useful to review specific proposals at its first regular session 1995.

102. With respect to distribution criteria for country-level assignment of core resources, there was general agreement that gross national product continued to be used as a primary criterion. There was also considerable interest in further exploration of population below the poverty line as a criterion in order to compare it with the criterion of total population. Many speakers encouraged further examination of the possible use of other indicators, including social indicators. The examination should include the application of a range of weights for the distribution criteria and their individual components. A few delegations expressed a preference for the features of the current distribution methodology. Several speakers also stressed the need to make the methodology as simple and transparent as possible, and a few pointed out the desirability of harmonizing the criteria used with those of other organizations e.g., the Organization for Economic Cooperation and Development (OECD).

103. The majority of speakers who expressed a preference favoured option 6 as set out in the annex to the document, with several delegations noting the merits of options 2, 3 and 4. To assess the alternatives, the Executive Board indicated it would need to review quantitative scenarios outlining the resultant distribution of resources by region and subregion as well as by category of countries (e.g., least developed countries and/or low-income countries). For the purpose of generating the scenarios, many delegations agreed that the secretariat could use the $1.25 billion resource base suggested in the document. However, several speakers questioned the realism

of the target given recent contribution levels and suggested that the scenarios might also be generated using a lower resource base.

104. A considerable number of speakers supported the possibility of increasing the current graduation thresholds, with some noting that such action would better preserve the principle of universality and encourage additional resource mobilization in the affected countries. One delegation noted that corresponding increases should apply to graduation thresholds pertaining to island developing countries. Another delegation proposed that actual thresholds be replaced by the eligibility criterion used in the Global Environment Facility. One delegation proposed that the current threshold for graduation be reduced, as a clear indication of support to the lowest-income countries, but reviewed in the context of overall graduation principles.

105. On the basis of the foregoing discussions, the secretariat crystallized those aspects of the subject it intended to cover in greater detail at the first regular session 1995. In the ensuing discussion, a number of delegations emphasized particular elements that the secretariat should include in its next submission and some speakers highlighted additional points that should be taken into account. The secretariat agreed to produce a document along those lines.

B. Programming matters: IPF level for Haiti

106. The Executive Board also reviewed a proposal jointly submitted by several delegations concerning the restoration of the IPF for Haiti to its original level. In discussing the matter, many delegations expressed sympathy for the situation in Haiti but noted that other countries had comparable humanitarian and rehabilitation needs and that the Board should be cautious about setting a precedent. Several speakers suggested that it might be more appropriate to deal with resource mobilization through a round-table or similar process.

107. On the basis of information provided by the secretariat on the current status of IPF programming in Haiti, and after further consultations among delegations, the Board adopted the following decision:

94/31. Matters relating to the programming cycle: Haiti

The Executive Board

Requests the Administrator to prepare for the first regular session in January 1995 an assessment of Haiti's development needs and activities in order to review the level of available fifth cycle resources for the years 1995-1996 under the assumption that in the meantime unspent resources can be used to support immediate needs of the country.

10 October 1994

VIII. OFFICE FOR PROJECT SERVICES

108. The Administrator introduced his report on the role and functions of the Management Coordination Committee (DP/1994/61) and reviewed the overall sequence of events regarding the status of OPS. He indicated that the present submission differed from previous ones in that it reflected a consensus view on OPS of the Office of the Secretary-General, the Department of Administration and Management, the Department for Development Support and Management Services, UNDP, and OPS; that it presented all elements ready to be

put in place as of 1 January 1995; and that staff representatives of UNDP and OPS had been involved in the discussions. He considered that the proposals put forth were workable and would preserve the self-financing principle of OPS. Noting that discussion of the OPS issue had for two years been diverting attention from the overriding concern for the quality of OPS service, resulting in a reduction in new business for OPS, the Administrator urged the Executive Board to give favourable consideration to the proposed arrangements.

109. The Executive Director introduced his report on ways of establishing the office as a separate and identifiable entity (DP/1994/62 and Add.1-3). He focused on the developments that had occurred between the submission of document DP/1994/62 and the third session, including Economic and Social Council decision 1994/284 and General Assembly resolution 48/501, the ACABQ report (DP/1994/57), and the opinion of the United Nations Legal Counsel that the proposed annex to UNDP Financial Regulations circulated on 6 October under cover of conference room paper DP/1994/CRP.11 conformed with the legal requirements of the United Nations, and met the requirements of Executive Board decision 94/12 and the proposals in document DP/1994/62 and Add.1-3. Highlighting the work that still needed to be done in order to establish UNOPS as of 1 January 1995, he requested that the Board give its go-ahead at the current session.

110. Delegations were in general agreement on the need to take a decision that would lead to UNOPS being established and operational by 1 January 1995. Several delegations stressed their concern to ensure that UNOPS, while being established as a separate and identifiable entity, would not be created as a new agency. Several also wished to clarify that UNOPS was expected not to undertake funding activities. Some delegations, while acknowledging that the complexity of the administrative arrangements was due in part to the equally complex nature of the compromise on which the proposals were based, wished further clarity on the roles and functions of the Management Coordination Committee (MCC) and the Users Advisory Group vis-à-vis the Executive Board. Some also wished the role of the Administrator, as Chairman of the MCC, to be further clarified, with one delegation considering that ultimate accountability for UNOPS should rest with the Administrator. Numerous delegations considered that they had been unable to review fully the changes to the proposed Financial Regulations that had been distributed at the session (DP/1994/CRP.11); whereas some were willing to grant provisional approval on condition that any amendments, if found necessary, would be made in 1995, others were unwilling to endorse them without further study. Several delegations raised questions about the establishment and level of the proposed Reserve, and about the need for more checks and balances in personnel issues. One delegation agreed with the principles on which UNOPS was to be established and opposed placing any new restrictions on its ability to provide services. Some questions were raised with regard to national execution with the Assistant Administrator, BFA, and the Executive Director reiterating the continued commitment of UNDP and OPS to national execution. Several delegations inquired about the relationship between UNOPS and the specialized agencies, and the membership of the Users Advisory Group. The Executive Director confirmed the intent of OPS to continue strengthening its partnerships with specialized agencies and expressed willingness to consider broadening participation in the Users Advisory Group.

111. Following informal consultations, a draft decision was presented to the Executive Board. One delegation urged that the OPS question be brought to a final resolution at the first regular session 1995 and suggested that consultations between the UNDP and OPS secretariats producing the next proposal and members of the Board might facilitate achievement of that resolution.

112. One representative noted that his delegation was willing to accept the decision on the understanding that in paragraph 9 the sense of "through the Management Coordination Committee" was in French "under the responsibility of the Management Coordination Committee".

113. The Executive Board adopted the following decision:

94/32. Office for Project Services

The Executive Board

1. Takes note of the report of the Executive Director of the Office for Project Services (DP/1994/62 and Add.1-3) while underlining that the United Nations Office for Project Services will undertake implementation and not funding activities;

2. Takes note of the Administrator's report (DP/1994/61) and endorses the establishment of the Management Coordination Committee referred to therein and the Users Advisory Group referred to in document DP/1994/62/Add.1;

3. Authorizes the Administrator and Executive Director to proceed further with the implementation of decision 94/12, to this end taking all steps necessary to establish a self-financing United Nations Office for Project Services that will become a separate and identifiable entity as of 1 January 1995;

4. Reaffirms that the United Nations Office for Project Services will operate within the United Nations development system and will not become a new agency and that the requirements regarding accountability must be consistent with the decision not to establish a new agency as contained in paragraph 3 of decision 94/12;

5. Takes note of the breakdown of the revised 1994-1995 budget estimates for the Office for Project Services, as contained in document DP/1994/62/Add.3, and recalls its decision 94/29 approving the 1994-1995 estimates for the United Nations Development Programme, including the Office for Project Services;

6. Approves that, in future, the Office for Project Services biennial budget estimates be presented separately from those of the United Nations Development Programme;

7. Decides that the relocation of posts to the field and the establishment of any posts shall be subject to the agreement of the Management Coordination Committee and the ex post facto approval of the Board, with the proviso that posts at the D-1 level and above must receive the advance approval of the Board;

8. Takes note of the proposed financial regulations of the United Nations Office for Project Services and decides to review them at its first regular session in 1995 and that, in the intervening period, the financial regulations of the United Nations Development Programme will continue to apply mutatis mutandis;

9. Requests the Executive Director to report annually on activities of the United Nations Office for Project Services to the Executive Board through the Management Coordination Committee;

10. Requests the Administrator and the Executive Director to submit a specific proposal for the consideration of the Executive Board at its first regular session in 1995, outlining the proposed scope and objectives for the United Nations Office for Project Services, as well as the roles and functions of the Management Coordination Committee and Users Advisory Group vis-à-vis the Executive Board.

10 October 1994

IX. UNITED NATIONS TECHNICAL COOPERATION ACTIVITIES

114. The Under-Secretary-General of the Department for Development Support and Management Services (DDSMS) introduced the annual report of the Secretary-General on United Nations technical cooperation activities carried out by the Secretariat and in particular by DDSMS (DP/1994/26 and Add. 1 and 2). He noted that the report provided an overview of the programmes and capacities of the Department, highlighting the responses to priorities identified by the Governing Council in its decision 93/30 of 18 June 1993, and in response to General Assembly resolution 47/199 of 22 December 1992. Accordingly, the report emphasized recent steps taken to sharpen the technical focus of DDSMS activities; increase the support to national capacity-building efforts; strengthen collaboration between DDSMS and the United Nations regional commissions, and with other entities of the Secretariat; and foster greater synergy between the Department and UNDP.

115. Delegations welcomed the positive indications of progress given in the report and the related information on mandates, programmes and activities. They encouraged DDSMS to continue along those lines. Comments were raised on the following issues.

116. Some delegations felt that the effort to project the central functions of the Department as pertaining to governance and public management put too sharp a focus on the range of responsibilities in which DDSMS was actually engaged, including, for example, a considerable programme in natural resources and energy. They preferred to consider DDSMS as the provider of multiple, though increasingly integrated services, as outlined in the annex to document DP/1994/26. Delegations asked for further clarification as to the mandate and intergovernmental supervision for the activities in governance and public management, inquired as to the means for augmenting the normative functions of the Department, and sought to distinguish the responsibilities of DDSMS from other Secretariat departments dealing with economic and social matters.

117. One delegation specifically welcomed the work of the Transition Economies Unit of the Department and urged that it become more active in additional countries.

118. On the subject of relationships with other entities, delegations favoured closer substantive linkages between UNDP and DDSMS. They also wished to ensure that the Department and OPS would collaborate and not duplicate each other.

119. One delegation inquired as to the rationale for review by the Executive Board of the technical cooperation work of DDSMS rather than by the Economic and Social Council, which led to considerable discussion of the history of intergovernmental supervision of those units of the Secretariat undertaking such activities, the types of functions best undertaken by the Executive Board, and the desirability that one or the other body give greater attention to and guidance for the relevant work of DDSMS.

120. With regard to intergovernmental guidance, the Associate Administrator noted that any modification of the current arrangements would likely be a matter for the General Assembly to decide, as a possible successor to the resolution it had adopted on the subject at the time of the establishment of UNDP (resolution 2029 (XX) of 22 November 1965).

121. Responding to questions, the Under-Secretary-General, DDSMS, remarked that the identity given to governance and public management in DDSMS functions was intended to be broad rather than exclusive. "Integrated development management" was an expression that perhaps more clearly represented the common thread within the mandates applicable to the various sectors within the Department's purview. Relevant guidance was obtained from each of the substantive bodies to which DDSMS reported, but most specifically from the

biennial Meetings of Experts on the United Nations Programme in Public Administration and Finance, which was a subsidiary body of the Economic and Social Council. As a general rule, the normative functions of DDSMS were identified in resolutions of the General Assembly, and in the relevant sections of the United Nations medium-term plan and programme budget. Their magnitude was largely dependent upon the allocations of regular budget resources. DDSMS and other Secretariat entities cooperated under a distribution of functions that focused priority upon matters of, for example, policy coordination, analysis, or operational activities.

122. With regard to relations with the regional commissions, the Under-Secretary-General noted the establishment of a Natural Resources and Energy Management Board, which he chaired, to use more effectively the expertise available at headquarters and in the commissions, and to engage in joint activities. Concerning OPS, he stated that he and the OPS Executive Director were taking steps to encourage collaboration, by which each could call upon the comparative advantages of the other. As for UNDP, efforts were under way to strengthen substantive linkages in several areas, including economic management, public management, the private sector, and the environment.

123. The Executive Board adopted the following decision:

94/27. United Nations technical cooperation activities

The Executive Board

1. Takes note of the report of the Secretary-General (DP/1994/26 and Add. 1-2);

2. Notes and encourages the steps being taken towards closer collaboration between the Department for Development Support and Management Services and the regional commissions, and other entities of the Secretariat, and between the Department and the United Nations Development Programme in relation to areas of common concern and, in this context, urges the Programme to consider greater utilization of the technical capacities of the Department.

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X. OTHER MATTERS

A. The United Nations Sudano-Sahelian Office

124. In introducing document DP/1994/58, the acting Deputy Director of the United Nations Sudano-Sahelian Office (UNSO) noted that, in light of Governing Council decision 93/33 and the adoption of the Convention on Desertification, UNDP had taken steps to strengthen its substantive support to desertification control activities. In particular, UNSO had been designated as the central entity within UNDP to spearhead work in desertification control and dryland degradation worldwide, with particular attention to Africa. With respect to financing work in desertification control, it was proposed in the report that the existing UNSO UNDP/UNEP Joint Venture become a special desertification and dryland management facility, jointly supported by UNDP and UNEP to catalyse the mobilization of voluntary contributions.

125. Several delegations expressed appreciation for the work of UNSO in the Sudano-Sahelian region and support for its role as the focal point within UNDP for combating desertification. They welcomed the integration of UNSO into BPPS, and the collaboration with other United Nations organizations, in particular UNEP. One delegation was pleased with the forceful role UNDP and UNSO had played in the negotiating process of the Convention on

Desertification and noted that the national action programme was a country-driven process and included the government, NGOs, affected populations and donors. From the latter, lead partners might be designated during the consultative process within each country. One delegation expressed interest in the support provided by UNSO being made available to other affected regions outside Africa.

126. One delegation observed that UNDP was well placed to host the Global Mechanism of the Convention on Desertification. Another delegation recalled that the focus of the Global Mechanism would be on promoting actions leading to the mobilization and channelling of funds.

127. The Executive Board decided to pursue the discussion on the item at its first regular session 1995.

B. Follow-up to decision 94/15 and new responsibilities assigned to the Administrator by the Secretary-General

128. The Administrator stated that he would inform the Executive Board regularly on follow-up to decision 94/15 on the Human Development Report. He referred to a memorandum he had sent to senior management on the issue, in which he stressed the need to re-emphasize and reinforce the separation between the Human Development Report and UNDP operations. The memorandum also outlined the steps to be taken to fulfil UNDP obligations vis-à-vis the Board and to clarify the status of the Report. A copy of the memorandum was distributed to the Board members for information and comment.

129. The Administrator also provided clarification on the new role assigned to him by the Secretary-General. He stressed that, as clearly stated by the Secretary-General, his role was to assist him by providing ideas, information and analysis, and facilitating his work in ensuring stronger coordination in the United Nations system in the social and economic area. The Administrator informed the Executive Board that to assist him in carrying out his new responsibilities, he had established a separate unit comprised of a small number of Professionals. He would seek help from other funds and programmes and agencies in providing support and staff to the new office. He underscored that he could succeed in his new assignment only with the help and support of the Board members and the cooperation of all concerned.

130. The Administrator added that in the framework of his new assignment, a revised version of the Agenda for development had been prepared on the basis of comments received from governments and inputs given by all programmes and agencies, including the Bretton Woods institutions. The new draft was now in the hands of the Secretary-General.

C. Conclusion of the session

131. The Executive Board concluded its work by adopting the following decision:

94/33. Overview of decisions adopted by the Executive Board at its third regular session 1994

The Executive Board

Recalls that during the third regular session 1994 it:

ITEM 1: ORGANIZATIONAL MATTERS

Approved the agenda and work plan for its third regular session 1994 with oral amendments (DP/1993/L.5);

Agreed to the following schedule of future sessions of the Executive Board in New York subject to the approval of the Committee on Conferences:

First regular session: 10-13 January 1995

Second regular session: (Following the third regular session, delegations requested that the dates agreed on for the second regular session (24-27 April 1995) should be changed since they overlapped with a session of the Commission for Sustainable Development. The second regular session was therefore tentatively rescheduled to 4-7 April 1995.)

Annual session: 5-16 June 1995

Third regular session: 28 August-1 September 1995

Agreed to the subjects to be discussed at the 1995 sessions as listed in the annex;

ITEM 2: AGENCY SUPPORT COSTS

Adopted decision 94/26 of 7 October 1994 on agency support costs;

ITEM 3: COUNTRY PROGRAMMES AND RELATED MATTERS

Authorized the Administrator to approve programmes and projects on a case-by-case basis for the following countries: Aruba, Barbados, British Virgin Islands, Netherlands Antilles, Suriname and Trinidad and Tobago (DP/1994/32);

Approved the first country programme for Cambodia (DP/CP/KHM/1);

Took note of the reports on field visits to Philippines and Viet Nam (DP/1994/CRP.2); West Bank and Gaza and Jordan (DP/1994/CRP.3); Kenya and Zimbabwe (DP/1994/CRP.9);

Decided to consider new arrangements for future field visits at its first regular session 1995;

ITEM 4: UNDP FINANCIAL, BUDGETARY AND ADMINISTRATIVE MATTERS

Adopted decision 94/28 of 10 October 1994 on annual review of the financial situation 1993 and took note of the report of the Administrator on this subject (DP/1994/34 and Corr.1 and Add. 1-4), the comments and observations made and the assurances provided by UNDP;

Adopted decision 94/29 of 10 October 1994 on revised budget estimates for the biennium 1994-1995;

Took note of the report of the Advisory Committee for Administrative and Budgetary Questions on the revised budget estimates for the biennium 1994-1995 (DP/1994/36);

Took note of the Administrator's note on audit reports (DP/1994/37 and Add.1);

Took note of the report of the Administrator on the status of Management Service Agreements (DP/1994/56);

Adopted decision 94/30 of 10 October 1994 on harmonization of presentation of budgets and accounts, concerning both UNDP and UNFPA;

ITEM 5: UNFPA FINANCIAL AND ADMINISTRATIVE MATTERS

Took note of the UNFPA annual financial review, 1993 (DP/1994/53) and the comments made thereon;

Adopted decision 94/30 of 10 October 1994 on harmonization of presentation of budgets and accounts, concerning both UNDP and UNFPA;

ITEM 6: FOLLOW-UP TO THE INTERNATIONAL CONFERENCE ON POPULATION AND DEVELOPMENT

Took note of the oral report of the Executive Director of the United Nations Population Fund on the follow-up to the International Conference on Population and Development;

ITEM 7: MATTERS RELATING TO THE PROGRAMMING CYCLES

Took note of the report of the Administrator on his endeavour to find resources to enable the restoration of indicative planning figures to the original levels (DP/1994/1)

Took note of the report of the Administrator on possible options for a structure for the next programming period (DP/1994/59);

Took note of the declaration "Main Principles and Guidelines for the Sixth Programming Cycle of the United Nations Development Programme", adopted in Santiago on 7 September 1994 by Argentina, Brazil, Chile, Paraguay and Uruguay (DP/1994/63);

Decided to consider again the question of a structure for the next programming period at its first regular session 1995;

Adopted decision 94/31 of 10 October 1994 entitled "Matters relating to the programming cycles: Haiti";

ITEM 8: OFFICE FOR PROJECT SERVICES

Adopted decision 94/32 of 10 October 1994 on the Office for Project Services;

Took note of the report of the Advisory Committee for Administrative and Budgetary Questions on the Office for Project Services (DP/1994/57);

ITEM 9: UNITED NATIONS TECHNICAL COOPERATION ACTIVITIES

Adopted decision 94/27 of 10 October 1994 on United Nations technical cooperation activities;

ITEM 10: OTHER MATTERS

Decided to resume the consideration of the report of the Administrator on the United Nations Sudano-Sahelian Office (DP/1994/58) at its first regular session 1995.

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Annex

UNDP/UNFPA EXECUTIVE BOARD:

ALLOCATION OF SUBJECTS FOR SESSIONS IN 1995

The following subjects are scheduled to be considered at the 1995 sessions:

First regular session (10-13 January 1995)

- Organizational matters (including election of Bureau and working methods)
- Matters relating to the programming cycles (94/17, paragraph 4)
- Haiti's development needs and activities (94/31)
- Country programmes (including new arrangements for field visits)
- United Nations Sudano-Sahelian Office (resumed consideration of DP/1994/58)
- Proposed revisions to UNDP Financial Regulations and Rules related to support cost arrangements
- Three-year plan for the utilization of the Reserve for Field Accommodation (94/28, paragraph 5)
- Audit reports: Follow-up to recommendations of the report of the Board of Auditors for the 1992-1993 biennium
- Proposal to relocate the headquarters of the United Nations Volunteers programme from Geneva to Bonn
- United Nations Office for Project Services (94/32, paragraphs 8 and 10)
- UNFPA: Interim report on the programme priorities and future directions of UNFPA in the light of the ICPD
- UNFPA: Audit reports (DP/1994/54)
- Programme of work for future sessions (including follow-up to and preparations for the Economic and Social Council

Second regular session
(tentatively rescheduled to 4-7 April 1995)

- Organizational matters
- Matters relating to the programming cycles (94/17, paragraph 4)
- Country programmes (including reports on field visits 1995)
- Mid-term reviews
- Evaluation
- Matters relating to the least developed countries
- Assistance to the Palestinian people

- HIV/AIDS National Professional Officers (94/6, paragraph 5)

- United Nations Development Fund for Women

- United Nations Capital Development Fund (93/32, paragraph 8)

- UNFPA country programmes and projects:

  Africa (Benin; Comoros; Mauritius; Mozambique)
  Arab States and Europe (Sudan; Turkey)
  Asia and the Pacific (Cambodia (project); Central Asian Republics; Indonesia)
  Latin America and the Caribbean (Costa Rica)

- Report on the implementation of UNFPA successor support cost arrangements

- Programme of work for future sessions (including follow-up to and preparations for the Economic and Social Council

Note

The biennial TCDC High-level Meeting is scheduled to be held from 30 May to 2 June 1995, immediately preceding the annual session.

Annual session (5-16 June 1995)

- Organizational matters

- Annual report of the Administrator

- Follow-up to General Assembly resolution 47/199 (94/23)

- Future of UNDP (94/14, paragraph 6)

- Matters relating to the programming cycles (94/17, paragraph 4)

- Human Development Report (94/15, paragraph 3)

- The role of UNDP in the implementation of the United Nations New Agenda for the Development of Africa in the 1990s (94/13, paragraph 4)

- Technical cooperation among developing countries (92/2, paragraph 5 (e))

- United Nations Office for Project Services (94/32, paragraph 9)

- United Nations technical cooperation activities

- UNFPA: Report of the Executive Director for 1994 (including status of implementation of UNFPA Africa strategy, implementation of resolution 47/199, Global Initiative on Contraceptive Requirements, UNFPA assistance to Rwanda)

- UNFPA: Work plan and request for programme expenditure authority

- UNFPA: Status of financial implementation of country programmes and projects

- Report on programme priorities and future directions of UNFPA in light of the ICPD
- Report to the Economic and Social Council
- Programme of work for future sessions

Third regular session (28 August - 1 September 1995)

- Organizational matters
- Follow-up to the substantive session of the Economic and Social Council
- Country programmes (including reports on field visits 1995)
- Mid-term reviews
- Agency support costs (91/32)
- Annual review of the financial situation 1994
- Revised budget estimates for the 1994-1995 biennium
- Budget estimates for the 1996-1997 biennium
- Report of ACABQ on the budget estimates
- Audit reports: Summary of significant observations of the external auditors of the executing agencies on their 1993 accounts relating to funds allocated to them by UNDP
- Audited accounts and audit reports of the executing agencies as at 31/12/1993
- Harmonization of presentation of budgets and accounts (94/30)
- Procurement from developing countries
- United Nations system regular and extrabudgetary technical cooperation expenditures
- UNFPA annual financial review, 1994
- UNFPA biennial budget proposals for 1996-1997
- Programme of work for future sessions